



JOINT CIRCULAR

STATE OF NEW JERSEY

DEPARTMENT OF THE TREASURY

NO: 12-13-OMB/OIT	ORIGINATING AGENCIES: Office of Management and Budget Office of Information Technology	PAGE 1 OF 3
EFFECTIVE DATE: 06-13-2012	EXPIRATION DATE: Indefinite	SUPERSEDES: 11-11-OMB/OIT
SUBJECT: Moratorium on Procurements of Information Technology (IT) Hardware, Software and Related Services		
ATTENTION: All Directors of Administration, Agency Procurement Managers, Chief Fiscal Officers and Agency IT Managers		
FOR INFORMATION CONTACT: PMO General Information Number, OIT Janelle Monin, OMB		PHONE: (609) 777-3773 PHONE: (609) 984-7332

I. PURPOSE

This Circular (1) revises and extends the existing moratorium on the procurement of Information Technology (IT) hardware, software and related services and (2) revises requirements for Office of Information Technology (OIT) review and prior approval of the following IT purchases:

- A. The procurement of IT hardware, software and related services, including maintenance of hardware and software licensing, consultant services for studies, programming development, maintenance, installation and configuration, reference materials, cabling and wiring, telecommunications and data communications equipment and services, leased data lines, and all other consulting services.
- B. Lines of Credit (LOC) Acquisitions for new purchases (see Circular 04-09-ADM/OMB--Line of Credit Program), as well as, the issuance of 3rd party grants or agreements that contain IT components that are planned for ultimate use by the issuing department as referenced above for the purposes of the Statewide Moratorium imposed by Executive Order # 42. Specifically, while the non-IT component of such grants may proceed, there shall be no further IT-related purchases from those grants or agreements that are planned for the department's use without the approval of OIT.
- C. Continuation payments for maintenance, rental and lease/purchase of installed IT hardware, software, and related service, under the imposed moratorium.

II. POLICY

- A. All Information Technology purchasing greater than \$2,500 is subject to a moratorium until further notice. Procurement requests less than \$2,500 are exempt provided the items being purchased are for emergency maintenance, repairs, and supplies. This threshold should not be used as justification to purchase hardware and software that is part of a normal replacement cycle or to circumvent the spirit and intent of the IT moratorium.
- B. Exceptions may be granted in the following instances, if approved by OIT:
1. When dedicated or non-state funds are providing significant or sole funding for the initiative and the project/initiative conforms to OIT's standards and policies.
 2. When the project/initiative is ongoing and the disapproval would cause great loss of investment or increase future costs.
 3. When the IT purchase is related to a program that is mandated by the federal government, state law, or a court order.
 4. When equipment or software is demonstrated as failing and without approval, mission critical business functions would be impacted or halted.
- Any requests for exemption not covered by items 1 through 4 will be addressed by OIT and OMB on a case by case basis.
- C. OIT is exempt from this moratorium and will oversee all aspects of IT spending during this moratorium, under current purchasing and budgetary statutes and guidelines.
- D. OIT may conduct periodic audits to ensure that agencies are operating within the guidelines and boundaries set by this Circular.
- E. If the purchase is to be made solely with Federal funds, the federal certification form must be included as part of the package. Failure to include the federal certification form will require a complete review of the request. A copy of the federal certification form is included with this circular letter.
- F. Submissions allowed under this Circular do not preclude compliance with Circular – “Procurements of Information Technology Hardware, Software and Related Services”; and the Circular – “Professional Services: Review, Control, Monitoring and Extensions” and will be subject to the prescribed review and approvals.
- G. This applies to all contract, non-contract, and Direct Purchase Authority (DPA) purchases as well as Intergovernmental payments.
- H. Purchases between the range of \$2,500 and \$36,000 will be fast-tracked through the OIT Approval process if they meet the following criteria listed below. **Agencies may not divide purchases to fall below this threshold in order to circumvent the review threshold.**
1. Procurements for maintenance renewal of existing licenses of shrink-wrapped software (e.g., Microsoft Office, IBM FileNet) only which do not include additional licenses, scope or services, regardless of the cost.
 2. PCs, laptops, printers and consumables (e.g. printer cartridges, and tapes), not exceeding \$36,000 per purchase order.

NOTE: Due to the Punch-Out capabilities in the e-Catalog system, OIT cannot currently distinguish commodity type in purchases in order to exempt those items from OIT approval. To facilitate a quick turnaround of these orders over the \$2,500 threshold, the following process must be followed:

Agencies should send an e-mail to oitprocurement@oit.state.nj.us with the following text in the Subject line: Procurements covered by Circular 12-13-OMB/OIT. In the body of the e-mail, the agency should list the eCatalog number(s) of the procurement(s) needing approval. By sending this e-mail, the agency is certifying that the only items contained in this procurement are those covered in items 1 and 2 of this section.

- I. OIT is directed to place special scrutiny on any IT procurements related to infrastructure and data center refurbishment, expansion or the planning and building of new data centers. This is directed to promote consolidation of network and data centers wherever possible and practical.
- J. All efforts will be made to process most common requests within three weeks from the time of receipt at OIT.
- K. All exemption requests outlined above, including the cases that are not specifically identified, will be forwarded to OIT for review and approval and those requests that exceed the \$100,000 threshold will require simultaneous review by OMB and OIT. Purchases made with either State or Non-state funds, excluding those purchased solely with federal funds, will be subject to a thorough review of all aspects of the request including but not limited to, confirmation of account number(s) and available balances, analysis of current/projected fiscal position, documentation of need, and other analyses as needed or required. For federal funds purchases a summary review will be completed by OMB to ensure the account number is correct and the funding is in place.

Any requested purchase made from State or Non-state funds, excluding solely Federal funds, that are more than \$36,000 and less than \$99,999 are subject to Office of Management and Budget review on an as needed basis as determined by the Director of the Division of Budget and Accounting.

With the exception of DPA, and excluding purchases made by departments exercising separate purchase authority, the Division of Purchase and Property will be responsible to ensure that no IT-related purchases as defined herein are processed without the approval of OIT and if applicable OMB.



CHARLENE M. HOLZBAUR
Director, Office of Management and Budget

6/12/12
DATE

and



E. STEVEN EMANUEL
Chief Technology Officer-NJ Office of Information Technology
State Chief Information Officer

6/11/12
DATE